

AGENDA: March 4, 2004

TO: Regional Transportation Commission
FROM: Linda Wilshusen, Executive Director
REGARDING: DRAFT FY04-05 BUDGET AND WORK PROGRAM

RECOMMENDATION

1. The Budget and Administration/Personnel Committee and staff recommend that the RTC approve a resolution (Attachment 1) adopting the FY04-05 Budget and Work Program (Attachments 2 and 3, enclosed separately for Commissioners).
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BACKGROUND

In January of each year, the Budget and Administration/Personnel Committee prepares the draft SCCRTC budget and work program for the following fiscal year and forwards it to the RTC for its consideration and adoption in February. This year, the Budget and Administration/Personnel Committee took two meetings to develop the draft budget and work program for next fiscal year in order to have time to consider the significant funding and work program issues. The Budget and Administration/Personnel Committee reviewed the issues and options in detail and recommend approval of the FY04-05 Budget and Work Program (Attachments 2 and 3, enclosed separately for Commissioners).

DISCUSSION

Challenges for the Current Fiscal Year's Budget

As discussed in Attachment 4, the Commission has utilized almost \$400,000 in Commission Reserve funds to balance the budget for the current fiscal year. The last amendment to the budget showed that the Commission Reserve fund was practically depleted. Actions recommended in the proposed FY03-04 budget amendment in this packet (see separate agenda item) do only a little to rebuild Commission Reserves. Use of this large amount of Commission Reserves for the current year budget as well as for the prior year budget has allowed the RTC to temporarily reduce its need for other funding, especially Transportation Development Act (TDA) funds. This is no longer possible. Therefore, the Commission must budget additional TDA funds for its administration, operations, planning and service programs.

Next Fiscal Year's Work Program

For next fiscal year, the SCCRTC Work Program (Attachment 3, also discussed in Attachment 5) includes state-mandated responsibilities and Commission priorities, including:

- continued work on public information for the November Sales Tax Measure and Expenditure Plan
- completion of the 2004 Regional Transportation Plan update
- continued work with project sponsors, funding agencies and other regional agencies on programming and project monitoring tasks in response to ever-changing procedures and dwindling revenues
- continued work to complete purchase of the Santa Cruz Branch Line
- continued coordination on project development tasks for the two Highway 1 projects, including transitioning the oversight of the Highway 1 Widening HOV Project Approval/Environmental Document (PA/ED) to the staff of the Highway 1 Construction Authority staff during this summer
- work for the new Task Force on Paratransit Coordination at least in the beginning of the new fiscal year

The proposed budget includes not filling the vacant Transportation Planner position during FY04-05. For this long-term reduction in work force, reductions in work tasks are necessary.

Although many RTC programs are on-going, there is always an ebb and flow to the work program. For FY04-05, some of the Commission's tasks will require more staff time than usual, including Specialized Transportation (due to the paratransit coordination effort), the Regional Transportation Plan (which will be wrapped up by the end of the fiscal year) and the transfer of the Highway 1 PA/ED tasks to the JPA.

To accommodate the reduction in staff and the need to focus the limited staff resources on the projects noted above, staff looked at all of the Commission's work program, considered which tasks are mandated by the state or federal governments and which tasks are new or high priorities, and developed the following changes to the level of work in FY04-05 on various projects. These changes represent decreases in staff time relative to the initial FY03-04 budget and all of the changes have been implemented or are in the process of being implemented in response to the recent decrease in staff time and Commission priorities.

- Decrease in staff time devoted to the Rideshare program – Customer service and publicity for the general Rideshare Program will be cut back. The Don't Drive One in Five program has been completed for this fiscal year and will not be reinstated without affirmative action of the Commission. The saved staff hours are being reassigned to the Transportation Improvement Program's state-mandated programming and project monitoring tasks, Commission priority Public Information tasks, and the grant-funded Bikes Secure bike parking program, all in the Planning Program of the budget.
- Decrease in staff time devoted to the Bike Planning program – The amount of time

- available for Bike Committee work has been decreased and will continue to be decreased, potentially decreasing the frequency of Bicycle Committee meetings. The saved staff hours have been reassigned to the paratransit coordination tasks and to the Transportation Improvement Program (TIP) and Regional Transportation Plan (RTP) tasks, both state-mandated activities in the Planning Program in the budget.
- Decrease in staff time devoted to the Traffic Monitoring program – The number of traffic counts per month has been decreased effective immediately. Federally-mandated traffic counts will continue. The saved staff hours will be reassigned to TIP and RTP database tasks and data collection tasks for RTP projects.
 - Decrease in staff time devoted to Land Use/Transportation Coordination – This work element involves reviewing environmental documents and plans for large land use developments throughout the county and preparing letters of comment based on goals and policies in the Regional Transportation Plan. Staff hours have been reassigned to paratransit coordination tasks.
 - Change in focus for the Public Information Program – Staff time for two discretionary Public Information projects formerly conducted annually, the Annual Report and the Awards Program, will be either not conducted or downscaled in FY04-05. Public Information staff time is devoted to other tasks, including responding to a very high level of public inquiries, posting Commission packets and reports to the RTC website and developing and distributing project information updates through the website and to mailing lists.

Next Fiscal Year's Budget

TDA Allocations: The Auditor-Controller's estimate of TDA funds for FY04-05 prepared in early December shows a 3% increase over the current fiscal year revenues. The Auditor-Controller recently reviewed his estimate based on current information and has no changes.

At its first meeting on budget development, the Budget and Administration/Personnel Committee directed staff to find a way to keep the TDA allocations for the Transit District and other claimants the same as in the current fiscal year. In the recommended budget for your consideration today, the Budget and Administration/Personnel Committee's direction has been met. TDA allocations for SCMTD and other claimants are equal to those of the current fiscal year. No funds for a Demonstration Program have been included again this year due to the constrained revenue situation. The TDA Reserve balance is not reduced from the balance in the FY03-04 budget: It is \$271,000, approximately three-quarters (75%) of the Reserve amount recommended by the Auditor-Controller.

Budget Details: Cost Reductions and Revenue Enhancements

Attachment 5 addresses programs of the Commission budget which will undergo revenue challenges for next fiscal year and the responses to these challenges that have been included in the draft FY04-05 budget. Significant cost reductions from the current fiscal year budget have been identified and included in the draft FY04-05 budget.

Despite the large cost reductions and input of some new revenues, the cost of RTC's work program needs for FY04-05 can not be further reduced by the input of a large amount of surplus Commission Reserve funds as has occurred in budgets over the past few years. For the current fiscal year, almost \$400,000 in Commission Reserve funds has been used to balance the budget. But the balance in the Commission Reserve fund is now less than recommended by the Auditor-Controller. Despite the large cost reductions included in the draft FY04-05 budget, an increase of \$210,000 in TDA revenues is needed for the RTC Planning and Administration Programs. The revised draft FY04-05 budget includes these amounts on the TDA Apportionment Schedule, page 8 of the budget.

In spite of this needed increase in TDA funds, the Commission's draw on TDA for its administration, operations, planning and service programs (not including capital programs: Highway 1, rail, pass-through funds) is still less than half (42%) of its budget. If all capital and pass through funds are included, the TDA share is a very small (3%) portion of the total SCCRTC FY04-05 budget.

CTSC and Bike to Work Programs

The proposed budget includes \$100,000 for the County's Community Traffic Safety Coalition and \$40,000 for Bike to Work, both from TDA, as in years past. Bike to Work staff asked for a COLA increase of 3% for next fiscal year, which RTC staff had included in the preliminary budget, but it is not included in this recommended budget. The Commission will consider claims for the funds and the proposed work programs for these two projects at one of its meetings this spring.

Potential Revenue Enhancements for the Future

The Budget and Administration/ Personnel Committee is in the process of reviewing potential revenue options which could enhance operating revenues for the RTC for future fiscal years, and decrease the need for TDA revenues. Ideas under consideration are: increasing future year STIP allocations for Planning, Programming and Monitoring (PPM) funds; using interest on the Surface Transportation Program Exchange (STPX) for administration of the STPX Program; and working with AMBAG and the Transportation Agency for Monterey County (TAMC) regarding allocation of Federal Planning (PL) Funds to the SCCRTC and TAMC. In ease case, the effect of revenue switches to other eligible projects or agencies will need to be considered. The Budget and Administration/ Personnel Committee will return to the Commission with recommendations at a later date if any of these ideas bears fruit.

SUMMARY

The Budget and Administration/Personnel Committee and staff have reviewed funding and work program challenges for the next fiscal year and developed a proposed budget and work program that cuts discretionary costs and projects significantly, and maintains TDA

allocations at the same level as the current fiscal year. Cost savings for the Commission operating budget include significant reductions to Services and Supplies, and continuation of a Transportation Planner vacancy throughout the fiscal year. In order to deal with the challenges of implementing the Commission's on-going and new Work Program tasks with less staff, the proposed Work Program reassigns staff time from the projects which are lower priority for the Commission or not state or federally-mandated or do not have dedicated grant sources independent of TDA. The Budget and Administration/Personnel Committee and staff are investigating potential revenue options for future fiscal years.

Attachment 1: Resolution

Attachment 2: Draft FY04-05 Budget (enclosed separately for Commissioners)

Attachment 3: Draft FY04-05 Work Program (enclosed separately for Commissioners)

Attachment 4: Challenges for Current Fiscal Year Budget

Attachment 5: Challenges for Next Fiscal Year's Budget